



Proven Expertise & Integrity

May 8, 2023

Selectboard
Town of Casco
635 Meadow Road
Casco, ME 04015

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Casco as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Town of Casco's internal control over financial reporting or compliance.

During our audit, we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving the operating efficiencies of the Town of Casco. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Selectboard, management and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2022, where we expressed an unmodified opinion on our independent auditor's report dated June 5, 2023.

General Ledger Reconciliations:

While performing the audit for the above-mentioned fiscal year, we noted that general ledger accounts were not being reconciled in a timely manner throughout the year. Some of these accounts include taxes, escrows and cash. We recommend that all general ledger accounts be reconciled monthly within 30 days from the date of the month's end and, when necessary to subsidiary ledgers, to help ensure the accuracy and completeness of transactions in the correct reporting period and to help avoid material misstatements in the financial statements.

Budget:

While performing the audit for the above-mentioned fiscal year, we noted that the Town did not use the legally adopted budget to calculate its tax commitment. We recommend that management review and revise its procedures to ensure that only the legally adopted budget is used as part of the calculation during the tax commitment process. We also recommend that management consider any and all applicable federal/state statutes and regulations concerning this process to ensure compliance with all applicable regulatory requirements.

Escrows:

While performing the audit for the above-mentioned fiscal year, we noted that the Town did not currently include important details within their approved policies regarding the internal controls and processing of escrow funds as required by Town ordinance(s). We noted a lack of internal communication and a lack of clear, defined policies and procedures for Town staff and between Town departments with regard to the handling of escrow funds and their reconciliations. We recommended that all required management, finance, board and committee members work together to design and implement clear, defined policies and procedures for Town staff and departments, concerning the handling of any escrow funds required by Town ordinance(s), including (but not limited to) addressing the following items:

- a) stipulations concerning costs incurred by the action of the Planning/Zoning Board that exceed the amount of the escrow funds held by the Town; and
- b) reassessing the cost structure of escrow fees, increasing the annual Planning Board budget if the Town decides to pay for additional costs above the escrow funds received, and/or processes in place for requesting additional reimbursement from the applicant for costs incurred above the original escrow funds assessed; and
- c) the requirement to hold all escrow funds in non-interest-bearing accounts to help to ensure compliance with all applicable regulatory requirements and to help avoid material misstatements in the financial statements.

Accrued Compensation:

While performing the audit for the above-mentioned fiscal year, it was noted that the Town's verbal procedures for accrued compensation payouts did not match the Personnel Policy. We recommend that the Town update its policy to ensure proper payouts are given upon departure and full transparency of the liability.

We would like to thank Tony, Pam and all of the staff at the Town of Casco for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The script is cursive and fluid, with the initials "RHR" being particularly prominent.

RHR Smith & Company, CPAs